

# Climate funds for coal highlight lack of UN rules

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In this Oct. 18, 2014 photo, an Indonesian fisherman stand on his a boat in a river near power plants in Cirebon, Indonesia. The sprawling power station that hums and coughs along this coast in Indonesia is labeled as a Japanese contribution to the global fight against climate change. The plants promote new coal technology from Japanese companies, which is cleaner than old coal technology but still pollutes far more than solar, wind or natural gas. Villagers nearby also complain that the coal plant is damaging the local environment, and that stocks of fish, shrimp and green mussels have dwindled. (AP Photo/Achmad Ibrahim)

The sprawling power station that hums and coughs along this coast in Indonesia is labeled as a Japanese contribution to the global fight against climate change.

But the Cirebon plant, built with Japanese financing two years ago, is not powered by the sun, the wind or any kind of renewable energy. It's fueled by the biggest source of carbon pollution in the energy system: Coal.

Cirebon is one of three [coal](#)-fired power plants in Indonesia that Japan has helped fund with nearly \$1 billion in loans earmarked as climate finance, or money provided by rich countries to poorer ones to tackle global warming, The Associated Press has found. The plants promote new [coal technology](#) from Japanese companies, which is cleaner than old coal technology but still pollutes far more than solar, wind or natural gas. Villagers nearby also complain that the coal plant is damaging the local environment, and that stocks of fish, shrimp and green mussels have dwindled.

The money for coal highlights one of the biggest problems in the U.N.-led effort to fight climate change: A lack of accountability. Climate finance is critical to any global climate deal, and rich countries have pledged billions of dollars toward it in U.N. climate talks, which resume Monday in Lima, Peru. Yet there is no watchdog agency that ensures the money is spent in the most effective way. There's not even a common definition on what climate finance is.

Japan, a top contributor of climate finance, denies any wrongdoing and has done nothing illegal. Despite a growing backlash against supporting [coal power](#) in developing countries, there are no rules against counting such projects as climate finance in the U.N. system.

However, even U.N. climate chief Christiana Figueres admitted she was

unaware that Japan was building coal plants with climate money, and concerned.

"There is no argument for that," Figueres told AP. "Unabated coal has no room in the future energy system."

The newly launched Green Climate Fund, a key channel for billions of dollars of climate finance in the future, also has only vague guidelines as yet on how to spend the money. Board member Jan Cedergrén said he didn't believe the fund would support fossil fuels but acknowledged no decision has so far been made.

"The point is to not invest money in things that have a negative impact on climate," Cedergrén said.

The story of how Cirebon and the other coal plants became climate projects starts at a U.N. summit in Copenhagen in 2009, where rich countries pledged \$30 billion in climate finance over the next three years, with Japan providing about half. They also agreed to scale up the flow to \$100 billion a year by 2020.

An analysis of the 300 top climate finance projects reported to the U.N. during that period showed Japan was the only country to include direct support to coal plants, among its many other contributions. Japan says it will continue to count its new coal plants as climate finance because without its financial and technological help, many developing countries might build cheaper, more polluting coal plants.

"There are countries ... that cannot afford to have other methods than coal," said Foreign Ministry spokeswoman Takako Ito. "For these countries, we'd like to provide the best method of reducing carbon dioxide. We believe ... this is a very practical and realistic and effective way to reduce carbon dioxide."

The second-largest project reported to the U.N. for 2010-2012 was a \$729 million loan for what Japan described as a "high energy efficient thermal power plant project in East Java." AP found that the loan from Japan's Bank for International Cooperation, or JBIC, was used to build an 815-megawatt coal-fired unit next to two existing units at the Paiton power plant, which is partly owned by Japanese firms Mitsui and Tokyo Electric Power Company.

Also among the top 30 projects globally was a \$214 million loan from JBIC for the construction of another "thermal power plant" in West Java, which AP confirmed was the Cirebon power station. The plant is co-owned by Marubeni Corp., a Japanese company that was fined \$88 million this year by the U.S. Department of Justice for bribing Indonesian government officials to secure a separate power project.



In this Oct. 18, 2014 photo, a fisherman walks near of a fired coal power plant on the river in Cirebon. The sprawling power station that hums and coughs along this coast in Indonesia is labeled as a Japanese contribution to the global fight against climate change. The plants promote new coal technology from Japanese companies, which is cleaner than old coal technology but still pollutes far more than solar, wind or natural gas. Villagers nearby also complain that the coal plant

is damaging the local environment, and that stocks of fish, shrimp and green mussels have dwindled. (AP Photo/Achmad Ibrahim)

Japan's development agency gave another loan of \$15 million for a plant in Indramayu, West Java, among more than a dozen smaller projects related to coal, including studies linked to high-efficiency coal power in India, Indonesia and Vietnam. Those were identified as coal projects in documents submitted to the U.N., while the larger projects in Paiton and Cirebon were not.

JBIC, which is under the Ministry of Finance, said there was no specific reason they were labeled thermal power plants, a term that includes coal, nuclear and natural gas-fired plants.

"We don't have anything to hide or disguise," a Foreign Ministry official said, speaking on condition of anonymity because he wasn't authorized to speak publicly on the topic.

The Foreign Ministry compiled the list of climate finance projects that Japan presented to the U.N. in consultation with other ministries.

While noting that Cirebon and Paiton plants are cleaner than older coal plants, JBIC is upfront about saying that financing them met its mission to keep Japanese industry internationally competitive. Indonesia is also Japan's second-largest supplier of coal, and JBIC says it believes supporting infrastructure projects overseas can help efforts to buy resources from the same countries.

Marubeni and Mitsui declined requests for comment. Tokyo Electric, a major utility that helps run the Paiton complex, said transferring Japanese technology can lead to a substantial reduction in carbon

emissions.

However, many climate scientists say even "clean coal" technology will not achieve the goal of U.N. climate talks: keeping the global temperature rise below 2 degrees (3.6 F). For that, overall emissions will likely have to drop to zero by the end of the century. Coal-fired power plants can lock in emissions for more than 30 years because of their life span.

The only way for the math to work with coal is through technology that sucks carbon dioxide from the air and stores it underground, said Niklas Hoehne, an energy and climate researcher at Wageningen University in the Netherlands. But this latest technology is expensive, reduces the efficiency of a plant, requires a lot of space and is not yet commercially available on a large scale.

Neither Cirebon nor Paiton has it.

The Cirebon plant has brought the debate over coal to a village in West Java province in the fourth-most populous nation in the world, where smog, acid rain and air pollution are common.

People living in Kanci Kulon village, less than 1 kilometer (1 mile) from the Cirebon plant, told AP that when the wind is right, they can feel a sooty grit in the air. Although no environmental studies have been done, local fishermen say their catches of shrimp, crab and green mussels have shrunk. Daud, a 50-year-old fisherman who like many Indonesians only uses one name, said he used to bring in 45 crabs a day. Now the most he gets is 10.





This Oct. 17, 2014 photo shows a power plant area in Cirebon , West Java. The sprawling power station that hums and coughs along this coast in Indonesia is labeled as a Japanese contribution to the global fight against climate change. The plants promote new coal technology from Japanese companies, which is cleaner than old coal technology but still pollutes far more than solar, wind or natural gas. Villagers nearby also complain that the coal plant is damaging the local environment, and that stocks of fish, shrimp and green mussels have dwindled. (AP Photo/Achmad Ibrahim)

"I believe this is because of the coal sludge" from the Cirebon plant, he yelled, struggling to be heard over the jet-like roar from the power station.

Cirebon officials told AP journalists touring the site that the plant is safe and denied that any sludge is released into the Java Sea. They also pointed to cooling towers that are used to prevent warming of the surrounding coastal waters.

Heru Dewanto, vice president of the utility that runs Cirebon, acknowledged that the plant had caused some problems for "200 to 300 green mussel farmers or fishermen," but said this drawback should be weighed against the benefit of providing electricity to half a million homes.

Edi Wibowo, Cirebon's senior environmental engineer, said emissions from the plant were between 856 and 875 grams of carbon dioxide per kilowatt hour of energy produced—20 percent lower than from an old coal plant. However, that still compares with 600 to 700 for oil, which nowadays is rarely used to generate electricity, 400 for natural gas, and near zero for renewables like solar and wind power.

Japan stands out among rich countries for its investment in coal. The U.S. and many others have cut public funding for coal projects in developing countries. Germany still supports coal projects in poor countries, but unlike Japan it doesn't count them as climate finance.

Coal provides a relatively cheap, abundant and reliable source of energy to meet growing demand in China, India and Southeast Asia, said Keith Burnard, a technology expert at the International Energy Agency.





In this Oct. 17, 2014 photo, a worker walks at power plant area in Cirebon. The sprawling power station that hums and coughs along this coast in Indonesia is labeled as a Japanese contribution to the global fight against climate change. The plants promote new coal technology from Japanese companies, which is cleaner than old coal technology but still pollutes far more than solar, wind or natural gas. Villagers nearby also complain that the coal plant is damaging the local environment, and that stocks of fish, shrimp and green mussels have dwindled. (AP Photo/Achmad Ibrahim)

"Ideally coal, or more precisely, emissions from coal, would be removed from the equation," he said. "But there is also a reality there."

Figueres, the U.N. climate chief, said the climate finance money provided in 2010-2012 was a trial, and acknowledged the need to discuss and define climate finance in Lima.

"Over time, what we should be seeing is a very, very clear trend of investment into clean renewable energy," she said.

Environmental groups, most of whom were not aware of the [coal plants](#) when asked, are also pushing for more transparency.

"Climate finance is such a mess. It needs to get straightened out," said Karen Orenstein of Friends of the Earth. "It would be such a shame if those resources went to fossil fuel-based technologies. It would be counterproductive."

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